

Affordable Care Act – Premium Tax Credit (PTC) – § 36B

Return Preparer Best Practices

Note: There are no special or specific due diligence requirements related to Affordable Care Act (ACA) issues. This document represents best practices for practitioners to gather necessary information from their clients for use in preparing 2014 tax returns, which include health coverage information. General requirements on filing a complete and accurate tax return continue to apply. Preparers are expected to resolve conflicting or contradictory statements from their clients during the return preparation process, as they do today.

1. Did your client receive Form 1095-A, or other documentation, from the Marketplace?
 - Review Form 1095-A to determine what months your client, and any member of the tax household, were enrolled in a qualified health plan through the Marketplace. If your client does not have Form 1095-A, or other documentation, refer them to the Marketplace so that they may obtain either a Form 1095-A, or a statement of their account. Use this information to assist in the completion of Form 8962. (Ask if they received one or more).
2. Were advance payments of the premium tax credit made on behalf of any member of the tax household?
 - Review Form(s) 1095-A to determine what months your client, and any member of the tax household, had advance payments of the premium tax credit made on their behalf. Use this information to assist in the completion of Form 8962.

Note: If advance payments of the premium tax credit were made on behalf of any member of the tax household, the advance credit payments **must be reconciled with the allowable premium tax credit** using Form 8962, which is attached to Form 1040 or 1040A (not 1040EZ).

3. For any months in which your client, and any member of the tax household, did not enroll in a qualified health plan through the Marketplace, was coverage provided by employer sponsored coverage, government sponsored coverage, or individual market insurance?
 - If yes, what members of the tax household were covered by either employer sponsored coverage, government sponsored coverage, or individual market insurance and for which months? Review any Forms 1095-B and/or 1095-C received and use in the completion of Form 8962.
 - If no, your client may be liable for the shared responsibility payment for the months in which they, or any member of the tax household, were not covered. Refer to Form 8965 and the associated worksheet for further information on the shared responsibility payment.
4. If your client experienced a divorce during the tax year, is there an allocation of the advance credit payments that needs to be considered?
 - Complete Section Four of Form 8962, if applicable.
5. If your client married during the tax year, and has excess advance credit payments, can your client benefit from the use of the Alternative Calculation for Marriage?
 - Complete Section Five of Form 8962, if applicable.

Remember: Instruct your client to report any of the following **changes in circumstances** to the Marketplace when they occur so that any advance credit payments can be recalculated.

- Changes in household income
- Divorce
- Marriage
- Birth or adoption of a child
- Increases or decreases in the number of dependents
- Eligibility for government sponsored or employee sponsored health care coverage
- Moving to another address
- Gaining or losing non-Marketplace health care coverage
- Changes in filing status

Remind clients that failure to report all changes may cause more advance credit payments to be paid than PTC allowed. If more advance credit payments are paid than PTC allowed, your client may have excess advance credit payments to repay after taking into account the repayment limitation. For more information, refer to Publication 5152 – PTC Changes in Circumstance.